

Conclusion

The Dallas/Fort Worth office market began to stabilize in the third quarter, as the local economy strengthened and job growth resumed. As a result, net absorption of office space was positive in the third quarter and vacancy was stable, while rent declined minimally. The Dallas market should continue to benefit from the lack of current construction activity; however, there is plenty of newer modern and/or more efficient supply from relatively recent deliveries. In recent quarters, the completion of vacant office development has reduced or negated the benefits of positive net absorption, so the lack of current development should prove to strengthen leasing activity for existing space. With the speculative construction pipeline basically emptied, demand should outpace deliveries in the near future causing market fundamentals to strengthen further.

II. Dallas Industrial Market Analysis

The state of the industrial market in the Dallas area and the subject submarket is described in this analysis. In our analysis, the Dallas area is defined as the counties of Dallas, Denton, Ellis, Collin, Rockwall, Kaufman, Hunt and Delta. The statistical data is provided by CoStar Realty Information. Costar is a real estate market research consulting firm specializing in the analysis of real estate markets nationwide. Based in Maryland, CoStar data is employed by builders, developers, lenders and investors in evaluating market opportunities for acquisition and development of commercial and mixed-use properties.

Dallas Area Market

According to the latest data produced by CoStar, the state of the Dallas industrial market (as of third quarter 2010), is as follows:

| | DALLAS AREA |
|---------------------------------------|--------------------|
| No. of Buildings | 7,891 |
| Existing Space (SF) | 429,854,501 |
| Gross Occupancy | 88.0% |
| Change from 1 Year Ago | -10 Basis Points |
| Average Quoted Rent (gross) | \$3.76/SF |
| Change from 1 Year Ago | +\$0.06/SF (+1.6%) |
| 2010 Year-to-Date New Supply (SF) | 1,055,021 |
| 2010 Year-to-Date Net Absorption (SF) | 768,161 |

The table on the following page summarizes historical occupancy, rents and absorption data for the Dallas industrial market since 1997. Absorption figures reflect annual data.

| DALLAS AREA INDUSTRIAL MARKET | | | | |
|-------------------------------|-------------------|----------------|-----------------------|-------------------------------|
| Quarter/ Year | Occupancy Rate | NNN Rent/SF | Collected Rent/SF* | Annual Absorption Net (SF) |
| 4 th qtr 1997 | 91.6% | \$4.05 | \$3.71 | 7,319,770 |
| 4 th qtr 1998 | 93.4% | 4.03 | 3.76 | 12,187,936 |
| 4 th qtr 1999 | 93.7% | 3.61 | 3.38 | 11,123,322 |
| 4 th qtr 2000 | 93.2% | 3.58 | 3.34 | 6,460,454 |
| 4 th qtr 2001 | 90.5% | 3.65 | 3.30 | 4,010,948 |
| 4 th qtr 2002 | 90.8% | 3.52 | 3.20 | 8,404,982 |
| 4 th qtr 2003 | 90.2% | 3.59 | 3.24 | 3,048,822 |
| 4 th qtr 2004 | 89.6% | 3.67 | 3.29 | 7,142,379 |
| 4 th qtr 2005 | 90.4% | 3.87 | 3.50 | 7,757,745 |
| 4 th qtr 2006 | 91.2% | 3.94 | 3.59 | 12,344,804 |
| 4 th qtr 2007 | 92.2% | 3.86 | 3.56 | 13,956,820 |
| 4 th qtr 2008 | 90.2% | 3.84 | 3.46 | 6,441,883 |
| 4 th qtr 2009 | 88.1% | 3.85 | 3.39 | -1,173,631 |
| 3 rd qtr 2010** | 88.0% | 3.76 | 3.31 | 768,161 |

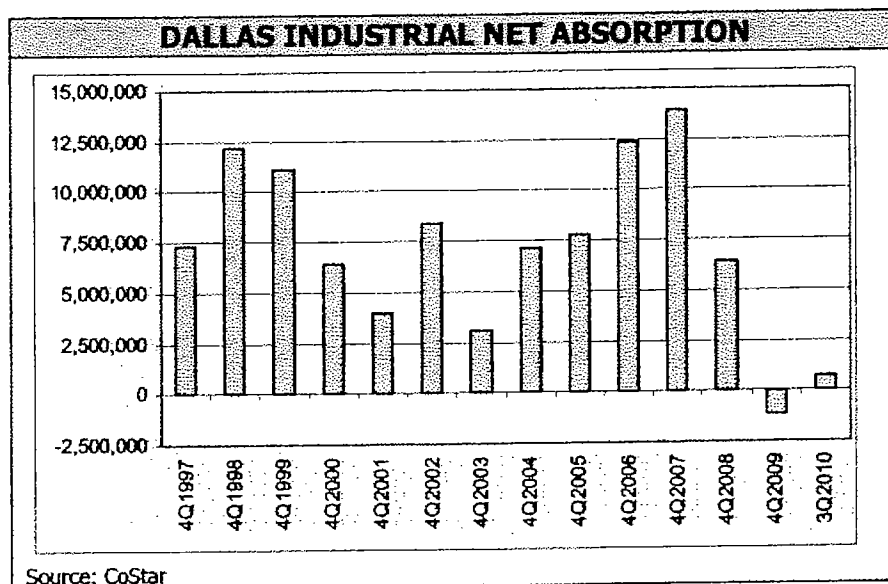
*Occupancy Rate x Rental Rate; ** Through 3rd quarter 2010

Absorption

After two consecutive quarters of positive net absorption to begin the year, leasing activity in the Dallas industrial market slowed significantly, recording 924,126 square feet of negative net absorption in the third quarter 2010. Although leasing demand was negative for the quarter, the year-to-date tally remains positive at 768,161 square feet. During the first half of 2010, the Dallas area industrial market showed signs of strengthening, posting incremental improvements in both vacancy and absorption compared to the previous year. Tenants absorbed 1.69 million square feet in the first six months, compared to negative 924,126 square feet in just the third quarter. The market benefited from several sizeable leases signed in the first nine months of 2010. These deals include: the 626,100 square foot lease signed by American Standard at the Duke Intermodal in south Dallas and the 425,035 square foot lease signed by GP Consumer Products at the Mesquite Distribution Center.

Dallas area industrial demand finished 2009 in negative territory for the first time in more than 10 years (-1.17 million square feet). According to CoStar data, most of the 2009 lease transactions were renewals or relocations, with much less attributed to new growth or expansion. While remaining positive, the 6.04 million square feet absorbed (net) since 2008, amounted to only 22.9% of the new supply added over the span. Consequently, vacancy increased over the period. Reduced demand has been the result of recent downsizing and consolidations as local businesses scaled back manufacturing and distribution operations. Demand was strong from 2004-2008, averaging 8.33 million square feet of positive net absorption annually over the five year span.

The following graph shows net absorption levels since 1997: (3Q 2010 data reflects three quarter only):



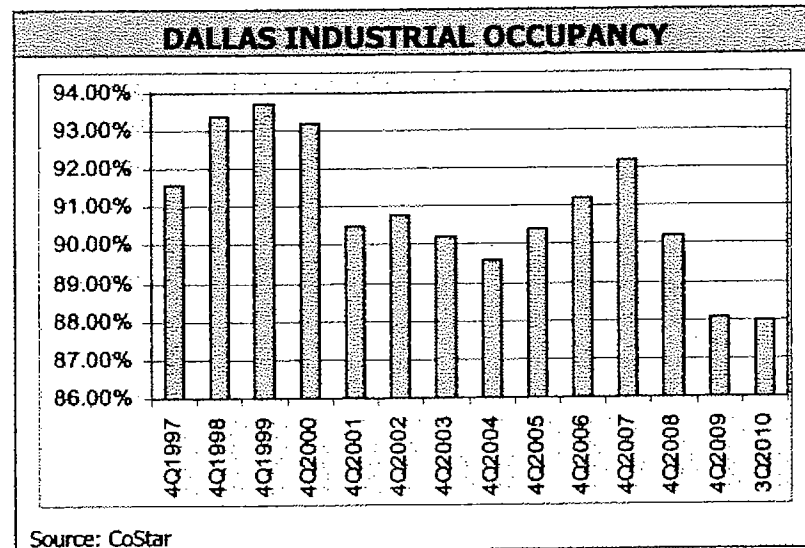
Occupancy

As a result of the decline in net absorption, the Dallas area occupancy rate declined 30 basis points in the last three months to 88.0% as of third quarter 2010. A slowdown in new construction activity and improved demand in the first half of the year, however, has decreased occupancy only 10 basis points year-to-date. According to Costar, third quarter 2010 vacancy (12.0%) was the highest reported vacancy since the early 1990's. Despite relatively flat occupancy levels in 2010, a combination of reduced demand and significant new supply has caused occupancy to fall 420 basis points since year-end 2007.

Flex properties reported occupancy of 87.2% in the third quarter 2010, unchanged in the last three months as the flex sector benefited from the strength of the high-tech industry. Warehouse projects, accounting for a bulk of vacant space, reported occupancy of 88.2% in the third quarter 2010, down 10 basis points in the last three months.

At the end of the third quarter 2010, there was 51.39 million square feet of vacant industrial space in the Dallas area, of which 2.04 million square feet is sublease space (4.0% of total vacant space). Industrial occupancy is likely to remain relatively flat throughout the remainder of 2010, as large blocks of speculative construction have been reduced to a healthy level and demand is starting to resurface. As growth strengthens into 2011, vacancy will likely begin to trend down.

The following graph shows occupancy levels since 1997:



Supply

A slowdown in new construction deliveries has helped stabilize the Dallas industrial market in recent quarters. New deliveries declined to 1.06 million square feet year-to-date, including the two lowest quarterly outputs since 2005 (19,860 square feet) in the second quarter and (42,166 square feet) in the third quarter. Some notable 2010 deliveries include: Dallas Cowboys Distribution Center, a 400,123 square foot facility that delivered in the first quarter and is currently 100% occupied, and PARC 114 Bldg 5, 123,779 square foot building that delivered in the first quarter and is currently 50% occupied. Construction activity started to slow in 2009 (8.74 million square feet), with more than 90.0% of this total delivered in the first half of the year. The market added a robust 16.53 million square feet in 2008, which was twice the 10-year historical average for the market.

Ongoing industrial development in the Dallas area, after reaching its peak at 14.51 million square feet in 2007, has almost come to a stop. At the end of the third quarter 2010, only 598,948 square feet remained in the construction pipeline, down from 2.05 million square feet in the third quarter 2009. Year-over-year, the construction pipeline declined by nearly 1.45 million square feet (-70.2%). Given the 51.39 million square feet of vacant industrial space within the Dallas market, any new speculative development will not likely break ground in the near future without significant pre-leasing. This current conservative construction trend will likely be a positive influence on the stabilization of the Dallas industrial market.

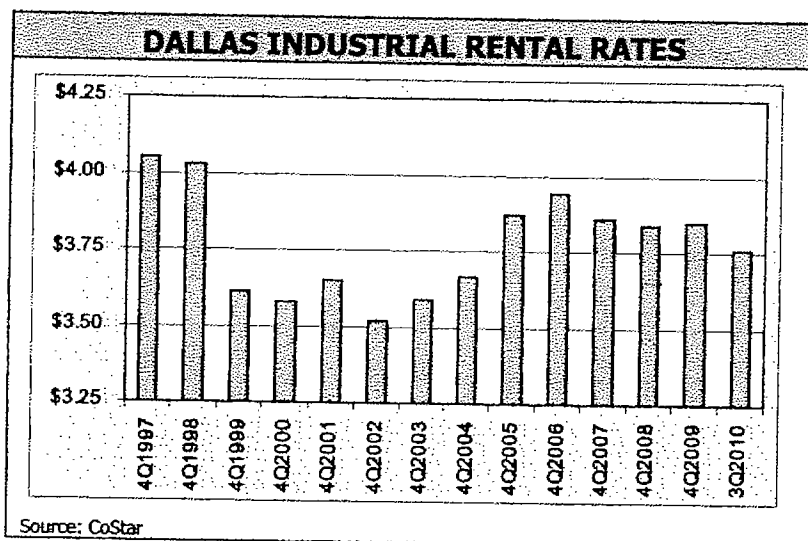
According to CoStar, the Dallas area industrial market totaled 429.85 million square feet of industrial space within 7,891 buildings (average 54,500 square feet per building) as of third quarter 2010.

Rental Rates

Average quoted rental rates in the Dallas area remained flat at \$3.76/SF as of third quarter 2010, down \$0.06/SF in the last three months and \$0.09 (-2.3%) year-to-date. Rental rate growth was flat in 2009 (+\$0.01/SF) and 2008 (-\$0.02/SF) as the amount of speculative space that delivered to the market outpaced demand and kept a lid on rental rates. With still weak but growing demand and an abundant supply of vacant industrial space, Dallas area rental rates are likely to remain under pressure the next several quarters.

The average quoted rate within the flex sector was \$7.29/SF at the end of the third quarter 2010, while warehouse rents stood at \$3.78/SF. It should be noted that while landlords have held rental rates flat the last several years, actual rates of deals are often far below what is being asked due to creative incentive packages used to attract new tenants. Industrial rents will likely firm heading into 2011, as growth strengthens and demand picks up.

The following graph shows rental rates since 1997:



Subject Submarket (North Stemmons/Valwood Industrial)

According to CoStar Group, the subject is located within the **North Stemmons/Valwood** industrial submarket.

The table on the following page summarizes historical occupancy, rents and absorption data for the North Stemmons/Valwood industrial submarket since 2001. Absorption figures reflect annual data.

| North Stemmons/Valwood Industrial Submarket | | | | |
|---|-------------------|----------------|-----------------------|------------------------|
| Quarter/ Year | Occupancy Rate | NNN Rent/SF | Collected Rent/SF* | Absorption Net (SF) |
| 4 th qtr 2001 | 87.4% | \$3.62 | \$3.16 | -1,151,833 |
| 4 th qtr 2002 | 85.5% | 3.63 | 3.10 | -469,545 |
| 4 th qtr 2003 | 86.2% | 4.17 | 3.59 | 303,038 |
| 4 th qtr 2004 | 85.7% | 3.83 | 3.28 | 152,159 |
| 4 th qtr 2005 | 89.1% | 3.83 | 3.41 | 1,435,436 |
| 4 th qtr 2006 | 91.5% | 3.87 | 3.54 | 1,363,802 |
| 4 th qtr 2007 | 92.4% | 3.68 | 3.40 | 606,805 |
| 4 th qtr 2008 | 91.7% | 3.77 | 3.46 | -282,396 |
| 4 th qtr 2009 | 87.2% | 3.58 | 3.12 | -1,730,513 |
| 3 rd qtr 2010** | 86.4% | 3.37 | 2.91 | -277,132 |
| *Occupancy Rate x Rental Rate | | | | |
| ** Through third quarter 2010 | | | | |

Absorption

Industrial demand in the North Stemmons/Valwood submarket turned positive in the third quarter 2010, with tenants taking 271,692 square feet from the market during the quarter. However, poor demand in the first half of the year left the year-to-date absorption tally at negative 277,132 square feet. Net absorption was negative in 2008 (-282,396 square feet) and 2009 (-1,730,513 square feet). Consequently, vacancy increased over the span.

Supply

According to Costar, the North Stemmons/Valwood submarket added 82,130 square feet of new industrial development in 2010 year-to-date. The submarket added 184,317 square feet in 2009. This is a mature submarket with limited new construction activity the last several years. Since 2005, developers have completed and delivered 950,648 square feet of new industrial space, or 2.2% of the current inventory. At the end of the third quarter, there was no ongoing industrial construction within the submarket.

The North Stemmons/Valwood submarket contained 42.31 million square feet within 512 buildings (average 82,600 square feet per building) as of third quarter 2010. The submarket accounts for 9.8% of the total industrial square footage in the overall Dallas area.

Occupancy

Poor demand within the North Stemmons/Valwood submarket decreased occupancy to 86.4% as of third quarter 2010, up 70 basis points in the quarter but down 80 basis points year-to-date. A significant supply/demand imbalance has decreased submarket occupancy 600 basis points since year-end 2007. According to Costar, there is currently 5.77 million square feet of vacant industrial space within the North Stemmons/Valwood submarket.

At the end of the third quarter 2010, submarket occupancy was 160 basis points less than the overall Dallas area (88.0%).

Rental Rates

Average quoted rental rates in the subject's North Stemmons/Valwood submarket decreased to \$3.37/SF in the third quarter 2010, down \$0.21/SF (-5.9%) year-to-date. Rental rate growth was negative in 2009 (-5.0%). At the end of the third quarter, submarket rental rates were notably 10.4% less than the overall Dallas area (\$3.76/SF).

Conclusion

The Dallas industrial market showed signs of stabilizing in 2010 to-date. Increased leasing activity has shielded the region from falling occupancy rates. Vacancy remained flat in the first nine months of the year (12.0%). Rental rate growth has turned negative, due to elevated vacancy and weak demand. Operators have attempted to boost demand with increased rental incentives.

Construction activity has trended downward for several years, and is now below historical averages within the market. At mid-year 2010, there was 598,498 square feet of ongoing industrial construction within the Dallas market. Current underwriting standards have created an environment where only projects with significant pre-leasing are obtaining construction financing, thus limiting the amount of new construction starts within the market. This reduction in the construction pipeline should prevent a flood of new supply from coming to the market in the near term, and be a positive force in lowering the future vacancy rate.

Decreased consumer spending has placed additional pressure on the need for manufacturing, storage, and distribution space; consequently reducing demand and slowing new industrial development. Despite current market activity, the Dallas/Fort Worth market remains well positioned for long-term health and growth as one of the nation's major warehouse and distribution centers.

HIGHEST AND BEST USE ANALYSIS

The fundamental concept of highest and best use may be defined as:

"... the reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value."¹

In analyzing the highest and best use of a property, the appraiser should determine whether the proposed usage of the land is physically possible, legally permissible, economically feasible and maximally productive. If an affirmative answer may be given to these basic questions, it is determined that the highest and best use test has been satisfied.

These four items are individually discussed subsequently, first as they apply to the subject sites, as if vacant, then as improved.

AS VACANT

Physically Possible

With the exception of Fenton Centre's "common area tract", the physical characteristics of the subject sites would not inhibit development with improvements representing their highest and best use. Their shape, location, topography, availability of public utilities and services, lack of extrinsic or intrinsic adverse influences, absence (or limited) floodplain influence and size are other physical characteristics considered in this analysis.

The physical characteristics of Fenton Centre's "common area tract" make it unsuitable for development. This tract has a highly irregular shape, its western portion has rolling topography and is located in a floodplain. Thus, this tract is not considered to be developable.

Legally Permissible

Existing land-use regulations for the subject sites are governed by the City of Farmers Branch's Planned Development Zoning classification. Subject's 1700 Valley View Lane tract is also governed by the Mercer Crossing Code. Subject's zonings permit a wide variety of uses including office, retail and hotel/motel. Subject's 2021 Valley View Lane tract also allows industrial uses.

In our opinion, these existing land-use regulations are not likely to be changed in the near future.

¹Appraisal Institute, *The Appraisal of Real Estate*, Twelfth Edition, (Chicago: Appraisal Institute, 2001), Page 305.

Economically Feasible

From among the physically possible and legally permitted uses, only office uses are analyzed for their economic feasibility for the Fenton Centre and 1700 Valley View Lane subject properties because they represent the only use that would be compatible with nearby land uses; only industrial uses are analyzed for the 2021 Valley View Lane subject property. For a use to be economically feasible there must be effective demand. Based upon the preceding Office and Industrial Market Analyses, effective rents do not justify new construction. Consequently, new development of subject sites, as legally permitted, is several years hence.

Maximally Productive

Of the uses that are physically possible, legally permissible, and economically feasible, the current maximally productive use of the sites is to hold until development is warranted by demand.

AS IMPROVED***Physically Possible***

The subject improvements represent physically possible utilizations of the sites. The size and design/appeal of the Fenton Centre improvements provide lease space for tenants requiring this location. However, the improvements located upon subject's 2021 Valley View Lane property do not have the design/appeal to provide industrial space for tenants in its location – specifically, the 16' clear height is significantly lower than what current tenants require (20'+).

Legally Permissible

The improvements are allowed by City of Farmers Branch's PD zoning classification. Hence, the improvements represent legally permissible uses of the sites.

Economically Feasible – Fenton Centre

The Fenton Centre improvements produce net income (if stabilized) that results in a total property value that far exceeds the estimated market value of the site, if vacant. Hence, they represent economically feasible uses of the site.

Economically Feasible – 2021 Valley View Lane

In order for the existing industrial improvements to be economically feasible, they must produce net income to the property that results in a total property value that exceeds the value of the subject site, if vacant.

Three Properties in Farmers Branch

Analysis of Data and Conclusions

The general market for an industrial use was presented earlier. Using that data, as well as other information described below, as a basis for testing the economic feasibility of this use, the test for financial feasibility will follow these four analytical steps:

1. Estimate a pro forma stabilized operating statement assuming the improvements have been renovated and stabilized.
2. Capitalize the hypothetical pro forma net operating income into a present value via a traditional Direct Capitalization Approach. This value, as noted, is "as if renovated and stabilized".
3. From the value "as if renovated and stabilized" produced by the Direct Capitalization Process, deduct all costs required to achieve that renovation and stabilization.
4. The final test of financial feasibility is simply whether the value of the completed project exceeds all costs necessary to achieve renovation and stabilization. That value, in turn, must exceed the value of the underlying site, as if vacant, for the improvements to have any contributory value.

The following analyses addresses the process described above. The data used are based upon the best available information at this time. Because no actual costs for renovation were obtained for this analysis, the appraisers reserve the right to re-evaluate the subject if such data becomes available subsequent to the date of this report.

"As if stabilized and renovated" operating pro formas are shown below:

| 2021 VALLEY VIEW LANE HYPOTHETICAL STABILIZED PRO FORMA | | |
|--|------------------|---------------|
| Revenue | Total | Per SF |
| Potential Gross Rent | \$355,610 | \$2.00 |
| Expense Recoveries | - | - |
| Potential Gross Income | 355,610 | 2.00 |
| Less: Vacancy Allowance (15%) | -53,342 | -0.30 |
| Total Effective Gross Income | 302,269 | 1.70 |
| Less: Expenses | | |
| Common Area Maintenance | 71,122 | 0.40 |
| Utilities | 17,781 | 0.10 |
| Management Fee @ 4% of EGI | 12,091 | 0.07 |
| Taxes | 49,632 | 0.28 |
| Insurance | 17,781 | 0.10 |
| Total Expenses | 168,407 | 0.95 |
| NET OPERATING INCOME | \$133,862 | \$0.75 |

The pro forma net operating income is now capitalized at an appropriate capitalization rate: available data suggest 9.00% is supportable for these analyses, as shown below:

| | |
|--|-------------|
| Stabilized and Renovated NOI | \$133,862 |
| Capitalized At | ÷ 9.00% |
| Stabilized and Renovated Market Value (Rd) | \$1,485,000 |

In order to derive the subject's "as is" value, it is necessary to deduct the cost to renovate stabilize, if necessary. Again, the appraiser did not inspect the interior improvements; hence, our cost of renovation contained herein is an approximation. We have assumed a cost of renovation to be approximately \$265,000 (\$1.50/SF).

Thus, 2021 Valley View Lane's as is, as improved value via Direct Capitalization is as follows:

| | |
|-------------------------------------|------------------|
| Stabilized and Renovated Value | \$1,485,000 |
| Less: Assumed Cost of Renovation | - 265,000 |
| Less: Lease-Up Costs | -400,000 |
| Indicated Value, As Is (Rd.) | \$820,000 |

Three Properties in Farmers Branch

Analysis of Data and Conclusions

As shown in the following land valuation section of this report, this subject site has an estimated value that is far higher than its as is "as improved" value. Hence, the subject improvements do not add contributory value to the site (as vacant) and are thus not an economically feasible use of the site. Further, there are no alternative uses for the existing improvements that would result in a higher value.

Maximally Productive – Fenton Centre

Considering the foregoing, the existing improvements represent the current maximally productive uses of the sites. Therefore, operation of the improvements represents the sites' highest and best uses, as improved.

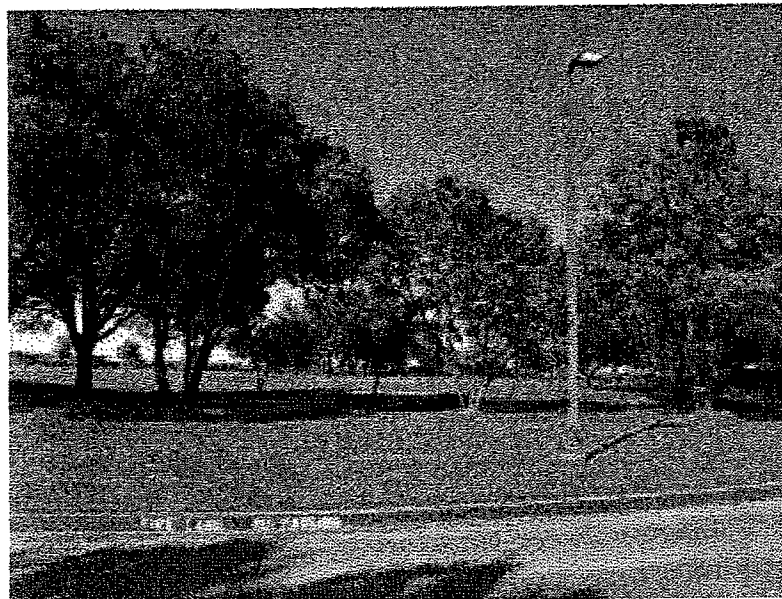
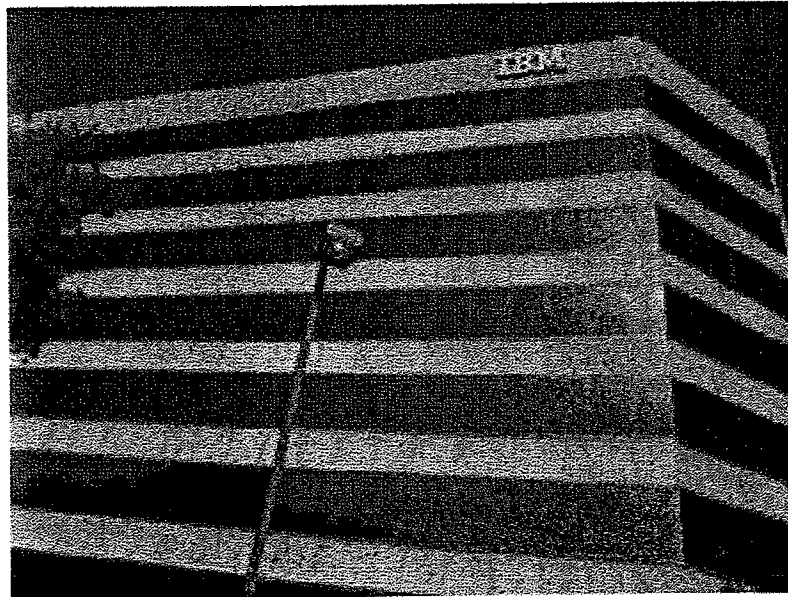
Maximally Productive – 2021 Valley View Lane

Considering the foregoing, the improvements provide no contributory value and thus do not represent the current maximally productive use of the site. Considering the foregoing, the maximally productive use of the site is to demolish the existing improvements and hold until demand warrants development.

VALUATION OF SUBJECT'S FENTON CENTRE PROPERTY

Given that the subject consists of three separate properties, we will separate our analyses and conclusions into three sections: Fenton Centre, 1700 Valley View and 2021 Valley View. This section describes of valuation of subject's "Fenton Centre" property and contains our analysis and conclusion. We will first estimate subject's "market value" (i.e., assuming a typical marketing period). Once estimated, the market value will be adjusted to reflect "liquidation value" (i.e., assuming a severely limited marketing period).

As discussed previously, subject's "Fenton Centre" property consists of the Fenton Centre office buildings, an excess tract of land and "common area" land.



SALES COMPARISON APPROACH – FENTON CENTRE OFFICE BUILDINGS

The Sales Comparison Approach, also termed the Market Approach, involves the comparison of the improved subject property to similar properties which have already sold, or which are currently offered for sale, with consideration given to their respective differences from the subject.

The comparables deemed most relevant for use herein are summarized in the chart on the following page; a map is found subsequent. Details of each comparable are presented in the Addenda.

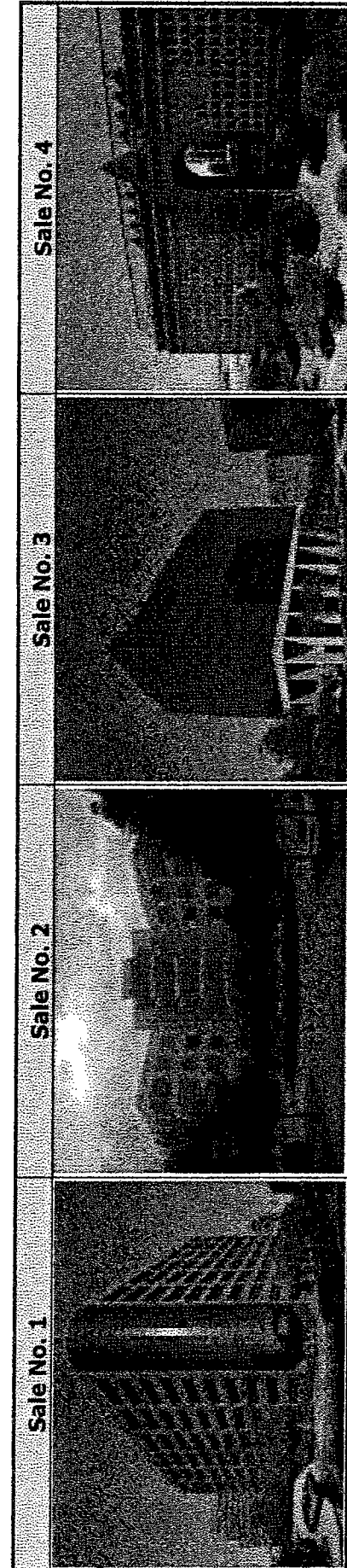
While not considered to be a complete list of all transactions, these comparables represent a sufficient database from which a reliable analysis of the subject property may be made.

The sales analyzed herein are in subject's general northeast Dallas County market area and represent transactions of good quality, Class "A/B" office properties.

The sales are summarized on the following chart.

| COMPARABLE OFFICE BUILDING SALES – FENTON CENTRE | | | | | | | | | |
|--|---|--------------|---------|------------|----------------|--------|------------------|---------|--|
| Sale No. | Project/Location | Date of Sale | SP/SF | Year Built | Stories/SF-NRA | % Occ. | NOI/SF | OAR (%) | Amenities |
| 1 | Canal Centre/400 E. Las Colinas Boulevard, Irving | 09/10 | \$66.39 | 1983 | 10/ 237,219 | 11% | NAV | NAV | Conference rooms, concierge, fitness center, wifi café |
| 2 | 750 Canyon Drive, Irving | 09/10 | 110.46 | 1998 | 5/ 240,812 | 83% | \$7.86 | 7.12% | Fitness center, concierge, food service |
| 3 | Heritage Square/4835 and 5001 LBJ Freeway, Dallas | 10/09 | 50.39 | 1978, 1980 | 21/ 359,172 | 70% | 4.82 | 9.56% | Food service |
| 4 | Providence Towers/5001 Spring Valley Road, Dallas | 04/09 | 123.01 | 1986 | 12/ 499,975 | 88% | 11.56 | 9.40% | Banking, conferencing facility, fitness center, food service, restaurant |
| Sub. | Fenton Centre/1501-1507 LBJ Freeway, Farmers Branch | - | - | 1985, 1986 | 7/ 696,458 | 53% | \$7.20 at market | - | Banking, fitness center, food service, restaurant |

Data believed to be reliable, but accuracy not guaranteed by Crosson Dannis, Inc. All figures should be considered reasonable representations of actual sales transactions, but precise accuracy not always available. Some figures estimated by Crosson Dannis, Inc. where actuals not available - see individual comparable data sheets for details.



HC 00120

Improved Sale Comparable Map



HC 00121

Adjustments to the comparables are made for differences in their salient features. A general discussion of these salient features follows:

1. **Financing Terms** account for the impact on value that is produced by favorable financing. Adjustments are not required since all sales are based on a cash or cash equivalency basis.
2. **Conditions of Sale** adjustments reflect the motivations of the buyer and the seller.
3. **Market Conditions (time):** Changing market conditions can affect the value of property over time. Relative changes in supply and demand for real property and overall economic conditions between specified dates of sale will affect the prices which will be paid in a competitive and open market.

The sales occurred from April 2009 to September 2010. The national financial and lending crisis commenced in late 2007 and the commercial real estate market collapsed in September 2008. Since September, investors have become hesitant to make purchases without perceived large discounts to earlier prices. Even when intent exists to purchase real estate, investors have experienced great difficulty obtaining financing. All of the sales reflect the current financial crisis and do not warrant adjustment.

4. **Location** adjustments typically account for the impact on value of time-distance relationships between a property and common origins and destinations.
5. **Size** adjustments account for the overall size of the comparable compared to the subject. If the size of the comparable is larger than the subject's, the market will pay less per SF (all other factors being equal). Likewise, if the size of the comparable is smaller than the subject's, the market will pay more per SF (all other factors being equal).
6. **Occupancy** adjustments account for the occupancy rates of the comparable properties compared to the subject.
7. **Age/condition** adjustments account for the effective age of the comparable property compared to the subject's effective age. Market participants typically pay more for property with a lower effective age and superior condition.
8. **Design/appeal** adjustments account for the aesthetic desirability of a property. Properties with a superior design/appeal are more desirable than properties with inferior design/appeal.
9. **Amenities:** Generally, the more amenities a building has, the more an investor is willing to pay.

Specific observations regarding each of the comparable sales, vis-à-vis the subject property, are set forth in the following chart.

It is important to understand that there are insufficient data upon which to make independent quantifiable adjustments for each of the various differences between each comparable and subject. Rather, such adjustments are set forth on a qualitative basis.

The following chart is intended to provide a degree of quantitative interpretation of the qualitative judgments regarding differences:

| Qualitative Rating | Approximate Differential |
|------------------------|--------------------------|
| Significantly Superior | >20% |
| Superior | 11-20% |
| Slightly Superior | 5-10% |
| Similar | Equal - < 5% |
| Slightly Inferior | 5-10% |
| Inferior | 11-20% |
| Significantly Inferior | >20% |

The chart on the following page is a qualitative analysis of the comparable sales compared with the subject property.

After analyzing the respective differences between each of the comparables and the subject, subject's "as is" value of its fee simple interest should be slightly lower than No. 1 (\$66.39/SF); higher than No. 3 (\$50.39/SF); and significantly lower than No. 2 (\$110.46/SF) and No. 4 (\$123.01/SF). Based upon the preceding, an as is market value/SF for the subject, as of November 17, 2010 is **\$60/SF**.

Based upon the preceding, the as is market value of the subject's fee simple interest, utilizing the SP/SF as a unit of comparison, as of November 17, 2010, is calculated as follows:

| Rentable SF | | SP/SF | | Indicated Fee Simple As Is Value (Rd) |
|----------------|---|---------|---|--|
| 696,458 | X | \$60.00 | = | \$41,785,000 |

As shown, our estimated market value of the **fee simple interest** in the subject property, "as is" is **\$41,785,000**. As discussed later in the report, subject's contract rent is above market (due to the significant decline in demand for office space). Thus, to determine subject's value "as is", we must add the present value of subject's above-market rent from our stabilized value estimate at market rents. Our calculation of subject's above-market rents is presented in the forthcoming Income Capitalization Approach.

As shown therein, the indicated present value of subject's above-market rents is **\$1,455,000 (R)**.

| Comparable Sales Data | | | | Relative to subject. In this element of comparison, this sale is... | | | | | Overall Comparability |
|-----------------------|--------|----------------|---------|---|-------------------|----------------|-------------------|-------------------|------------------------|
| No. | D.O.S. | Size (SF) | SP/SF | Location | Size | Design/ Appeal | Age/ Condition | Occupancy | |
| 1 | 09/10 | 237,219 | \$66.39 | Superior | Superior | Similar | Similar | Sig. Inferior | Slightly Superior |
| 2 | 09/10 | 240,812 | 110.46 | Similar | Superior | Similar | Slightly Superior | Superior | Significantly Superior |
| 3 | 10/09 | 359,172 | 50.39 | Superior | Slightly Superior | Inferior | Slightly Inferior | Slightly Superior | Inferior |
| 4 | 04/09 | 499,975 | 123.01 | Superior | Slightly Superior | Superior | Similar | Superior | Significantly Superior |
| Subject | | 696,458 | | | | | | | |

HC 00124